CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2002

THE UNIVERSITY OF WINNIPEG

WINNIPEG, MANITOBA, CANADA

THE UNIVERSITY OF WINNIPEG

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2002

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The UNIVERSITY of WINNIPEG

Report on the Consolidated Financial Statements

Administration Discussion and Analysis

The University of Winnipeg

The University of Winnipeg's consolidated financial statements contain the financial results of the University of Winnipeg's operations and the operations of the University of Winnipeg Educational Housing Corporation. The University's operations include the University undergraduate and graduate credit programs, Continuing Education Division, the Collegiate, Campus Services, Academic Enterprises, sponsored research & designated funds, and trust & endowment funds.

Overview of the Fiscal Year

Overall, the fiscal year ending March 31, 2002 has been a difficult year for the University with many financial challenges. In late 2001, when it became more apparent that the University was facing an operating deficit on the year's operations with related cash flow and deficit implications, the administration took action to implement expense reduction initiatives and to conserve operating cash. The measures that were taken were successful in achieving the desired results - that of turning around the University's financial position by year-end.

This was evidenced by a net change in unrestricted net assets of $2.2 million (Statement III) including:

a) Internally funded transfers in respect of capital asset additions and amortization; and

b) Non-recurring transfers of internally restricted net assets.

The above accomplishments were realized during a relatively short period through expenditure reductions that were focused in the capital and repairs & maintenance areas of the University's operations.

The Administration prepared a balanced budget for fiscal 2002-2003 that was approved by the Board of Regents in May 2002. The budget reflects the operating plan for the University in the current year and was achieved primarily through significant reductions in capital expenditures, particularly scientific & technology equipment and repairs & maintenance. There continues to be a concern that a large part of these reductions are unsustainable in nature and that this strategy will have to be re-visited by the University in the near future as it develops its multi-year operating plan.

The University continues to face formidable financial challenges in 2002-2003 and beyond as the administration and the Board of Regents of the University look to develop a sustainable operating model for the University that will provide the structure to achieve the academic and operating objectives into the future.

The significant challenges that are present in the immediate term are:

a) The need to develop an operating plan that is financially feasible and sustainable in meeting the academic and operating objectives of the University; and
b) The resolution of funding issues surrounding the pension plan, and the related financial impact on the University's financial position. This issue stems from a strong possibility of a Plan deficit being incurred at the next actuarial valuation date of December 31, 2002.

In summary, the University has made progress in stabilizing it's financial condition during the past year and is currently focussed on the creation of a longer term financial plan that will meet the needs of the University into the future.

Operations Summary

The University's consolidated statement of operations presents the results of the fiscal year ending March 31, 2002. During the year, the University incurred a deficit on operations of $322,000 (based on GAAP accounting).

Revenue increased to $64.9 million during the year. The baseline grant increased by 2.5%, including a special grant for the 5th year of the Education credit programs. Student tuition fees increased to $19 million in the fiscal year and reflect increased student enrolment of approximately 6% in university credit programs, new programs and increased enrolment in Distance Learning programs and an increase in enrolment in English language programs at Continuing Education Division. The University also received a special grant of $1.1 million from the Provincial Government for major repairs to Lockhart Hall. The increase in other revenues is a result of utilizing investment income of $943,000 earned on the Campus Development Fund to fund capital expenditures incurred in the year.

During the year, operating expense increased to $65.2 million. The increase in salaries reflects the annual general salary increase, individual salary increases for eligible employees, and changes in the staff complement. Staff benefits have also increased reflecting an increase of approximately $132,000 of amortization of the University's pension contribution credit. Other factors that lead to an increase in total expense included an increase in supplies and services expense, major repairs to Lockhart Hall of $1.1 million that affected building and utility expense and an increase in scholarships & awards.

Summary of Financial Position

The Consolidated Statement of Financial Position presents the University's financial position for the year ending March 31, 2002.

Operating cash totaled $3.0 million at March 1, 2002. It has improved during the fiscal year through the use of investment income from the capital fund ($943,000) as well as the transfer of internally restricted funds of $1.5 million for capital to partially fund capital expenditures. At March 31, 2002, the University was able to demonstrate that it was able to segregate operating funds from sponsored research and designated funds as is generally accepted administrative procedure within Universities.

During the year, poor investment returns and the significant impact of the September 11, 2001 tragedies on investment markets have resulted in the elimination of the Pension Plan's remaining surplus. The pension contribution credit amounted to $8.9 million at March 31, 2002. This reflects the interest earned at 7% on the outstanding balance and the reduction of the pension contribution credit arising from the University's pension contribution holiday during the year. In the future, the pension contribution credit will not be utilized through future pension contribution holidays taken by the University until there is sufficient surplus in the Plan to support such action.

Based on the Plan's actuary's estimate of the remaining surplus in the plan at December 31, 2001, and given the continuing poor investment markets, the University re-instated its matching pension plan contributions effective April 1, 2002. The University will continue to monitor the financial position of the pension plan and its impact on University's ability to utilize the pension contribution credit in the future.

The Investment for capital development of $14 million is segregated in a fund to support and fund future capital development of the University's campus. Long term investments increased during the year to $20.1 million reflecting the increase in endowments as well as net investment earnings.

Capital asset additions amounted to $3.6 million (2001-$7.4 million). The additions to capital assets were significantly less than in the prior year and included $824,000 on student housing (fully funded by grants and mortgages) and $1.9 million expenditures on scientific, technology and other equipment.

The University's net asset position improved during the year to $39.9 million. Statement III outlines the change for the year of the various net asset categories.

The University's objective is to continue to attract, in increasing numbers, students from a wide, diverse background and location through excellent academic programming, enhanced services and facilities and improved technologies. The University's prime assets are its faculty and staff, Board of Regents, alumni and volunteers who represent the University in the Community.

B. Douglas Prophet, CA
Acting Chief Financial Officer
The University of Winnipeg

The UNIVERSITY of WINNIPEG

~~OFFICE OF THE CONTROLLER~~
FINANCIAL SERVICES

UNIVERSITY OF WINNIPEG

MANAGEMENT REPORT

The accompanying consolidated financial statements are the responsibility of management and have been prepared in accordance with generally accepted accounting principles. These accounting policies have been applied on a basis consistent with the prior year. In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data. Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and to ensure the assets of the University are properly safeguarded.

The Board of Regents has reviewed and approved these consolidated financial statements.

On Behalf of Management

Constance Rooke
President & Vice-Chancellor

B. Douglas Prophet, CA
Acting CFO & Executive Director, Financial Services

Winnipeg, Manitoba
June 7, 2002

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AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Regents of The University of Winnipeg

We have audited the consolidated statement of financial position of The University of Winnipeg as at March 31, 2002 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
June 7, 2002

Jon W. Singleton, CA•CISA
Auditor General

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at March 31, 2002
(with comparative figures for 2001)

Statement I

ASSETS

	2002 $000	2001 $000
Current Assets:		
Cash and Short Term Investments (Note 3)	7,377	$7,859
Accounts Receivable (Note 4)	2,546	3,191
Prepaid Expenses	377	285
Inventory	710	560
	11,010	11,895
Long Term Receivables	150	375
Investment for Campus Development (Note 5)	14,000	14,000
Pension Contribution Credit (Note 16)	8,898	9,778
Long Term Investments (Note 6)	20,090	18,140
Capital Assets (Note 7)	44,293	43,415
	$98,441	$97,603

LIABILITIES AND NET ASSETS

Current Liabilities:		
Bank Indebtedness (Note 10)	$ 0	$ 1,373
Accounts Payable & Accrued Liabilities	4,501	4,977
Deferred Revenue	1,305	1,030
Deferred Contributions (Note 8)	4,537	3,981
Unfunded Staff Benefits (Note 9)	1,033	938
	11,376	12,299
Long Term Liabilities (Note 11)	1,319	687
Deferred Capital Contributions (Note 12)	45,869	45,273
Net Assets:		
Unrestricted Net Assets	(1,066)	(3,258)
Internally Restricted Net Assets (Note 13)	9,045	11,466
Endowments	20,499	19,691
Investment in Capital Assets	11,399	11,445
	39,877	39,344
	$98,441	$97,603

Commitments & contingencies (Note 18)

Approved by the Board of Regents

David Sellen
Chair, Board of Regents

Joy Wood
Chair, Finance Committee

See accompanying notes to the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31, 2002
(with comparative figures for 2001)

Statement II

	2002 $000	2001 $000
REVENUE		
Government Grants	$35,562	$33,213
Student Academic Fees	19,011	17,947
Gifts, Grants & Bequests	172	125
Investment Income	2,319	1,390
Sales of Services & Products	3,229	2,985
Other Revenues	3,525	2,935
Amortization of Deferred Capital Contributions	1,108	1,015
	64,926	59,610
EXPENSE		
Salaries	37,705	35,281
Staff Benefits	3,619	3,288
Supplies, Services & Other Expenses	9,256	8,542
Cost of Sales	2,156	2,029
Building, Utility & Related Expenses	5,229	3,813
Provincial & Municipal Taxes	3,017	3,054
Scholarships & Awards	1,518	1,214
Amortization of Capital Assets	2,748	2,524
	65,248	59,745
EXCESS (EXPENSE) REVENUE	($322)	($135)

See accompanying notes to the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2002
(with comparative figures for 2001)

	2002					2001
	UNRESTRICTED NET ASSETS $000	INTERNALLY RESTRICTED NET ASSETS $000	ENDOWMENTS $000	INVESTMENT IN CAPITAL ASSETS $000	TOTAL $000	TOTAL $000
BALANCE, BEGINNING OF YEAR AS PREVIOUSLY STATED	$(3,258)	$11,662	$19,691	$11,445	$39,540	$36,939
Restatement of Prior Year (Note 19)		(196)			(196)	177
RESTATED BALANCE, BEGINNING OF YEAR	(3,258)	11,466	19,691	11,445	39,344	37,116
Excess (Expense) Revenue	(322)				(322)	(135)
Direct Increases (Decreases):						
Endowment Contributions			979		979	1,726
Endowed Investment Earnings					0	477
Unspent Investment Earnings			91		91	180
Capital Asset Retirements				(20)	(20)	(20)
Capital Assets Additions - Gifts in Kind				67	67	0
Draw on Cumulative Unspent Invest. Earnings			(262)		(262)	0
Transfers:						
Internally Funded:						
Capital Asset Additions	(1,260)			1,260	0	0
Amortization of Capital Assets	1,640			(1,640)	0	0
Amortization of Pension Contribution Credit	880	(880)			0	0
Internally Restricted Net Assets	(231)	231			0	0
Non Recurring Transfers:						
Internally Restricted	1,485	(1,485)			0	0
Investment Property		(287)		287	0	0
NET CHANGE FOR THE YEAR	2,192	(2,421)	808	(46)	533	2,228
BALANCE, END OF YEAR	($1,066)	$9,045	$20,499	$11,399	$39,877	$39,344

See accompanying notes to the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG **Statement IV**
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2002
(with comparative figures for 2001)

	2002 $000	2001 $000
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Excess (Expense) Revenue	$(322)	$(135)
Items Not Affecting Cash Flow:		
Amortization of Deferred Capital Contributions	(1,108)	(1,015)
Amortization of Pension Contribution Credit	880	748
Amortization of Capital Assets	2,748	2,524
Change in Non-Cash Operating Working Capital (Note 14)	853	(2,293)
	3,051	(171)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Change in Long Term Receivables	225	(375)
Change in Investment for Campus Development	0	(14,000)
Change in Long Term Investments	(1,950)	(1,111)
Capital Asset Additions	(3,579)	(7,415)
	(5,304)	(22,901)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Bank (repayments) borrowings	(1,373)	1,373
Long Term Debt Repayments	(79)	(87)
Mortgage Proceeds	711	0
Endowment Contributions Received	979	1,726
Deferred Capital Contributions Received	1,704	17,770
Adjustment to Deferred Capital Contributions Received	0	(63)
Draw on Unspent Investment Earnings	(262)	0
Endowed Investment Earnings	0	477
Unspent Investment Earnings	91	180
	1,771	21,376
DECREASE IN CASH AND CASH EQUIVALENTS	(482)	(1,696)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,859	9,555
CASH AND CASH EQUIVALENTS, END OF YEAR	$7,377	$7,859
Cash and Cash Equivalents Consists of:		
Cash in Bank	3,566	0
Short Term Investments	3,811	7,859
	$7,377	$7,859

See accompanying notes to the consolidated financial statements.

1. Authority and Purpose

The University of Winnipeg operates under the authority of the University of Winnipeg Act of the Province of Manitoba. The primary role of the University is to provide post secondary education and research in the humanities, sciences and social sciences. The University also operates the Collegiate, an independent high school and a number of other education related activities. The University is a registered charity and is exempt from the payment of income taxes.

2. Summary of Significant Accounting Policies and Reporting Practices

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles.

A) Contributions

The University has chosen to use the deferral method of accounting for contributions, one preferred by the Canadian Association of University Business Officers (CAUBO). Under the deferral method of accounting for contributions, restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Restricted contributions are stipulations imposed that specify how resources must be used. External restrictions are imposed from outside the organization, usually by the contributor of the resources. Restrictions on contributions may only be externally imposed.

B) Revenue Recognition

Operating grants are recognized as revenue in the period received. Revenues received for tuition fees and sales of goods and services are recognized in the period in which the goods are received or the services rendered or substantially rendered.

Deferred contributions are externally restricted non-capital and non-endowment contributions which are deferred and are recognized as revenue in the period in which the related expenses are incurred.

Externally restricted contributions for the acquisitions of capital assets having limited lives are recorded as deferred capital contributions in the period in which they are received. Amortization of deferred capital contributions is recognized as earned revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Endowment contributions are recorded as direct increases in net assets in the period in which they are received.

C) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and highly liquid temporary money market instruments with original maturities of one year or less. Bank borrowings are considered to be financing activities.

D) Investments

Investments are recorded at cost. When there has been a loss in the value of a long term investment, that is other than a temporary decline, the investment is written down to recognize the loss.

E) Inventories

Bookstore and Printing inventories are valued at the lower of cost or net realizable value.

F) Capital Assets and Collections

Capital assets and collections purchased by the University are recorded at cost. Donated assets are recorded at estimated fair market value on the date received. Land, collections of rare books and works of art are not amortized. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings and Additions	60 years
Lease Hold Improvements	Term of Lease
Library Acquisitions	10 years
Furnishings & Equipment	10 years
Major System Computer Software	10 years
Computer Equipment & Software	5 years
Vehicles	5 years

G) Pension Plan

The University contributes to The University of Winnipeg Pension Plan which is an employer-trusteed pension plan for University employees. Contributions by the University are recorded as expenses. During 2001-2002 and 2000-2001, the University took a pension contribution holiday.

The accounts of The University of Winnipeg Pension Plan do not form part of the University's financial statements. The Plan's financial statements are audited by the Provincial Auditor.

H) Endowment Investment Income Capitalization

The University capitalizes investment income on endowment funds in excess of the amount required for annual distribution. The annual distribution of income is based on 5% of the 5 year average market value of the endowment fund.

I) Financial Instruments

Financial instruments include receivables, investments, bank overdraft, payables and accrued liabilities and long-term debt.

a) Fair Value of Financial Instruments

The fair value of financial instruments are assumed to approximate carrying values, unless otherwise noted.

b) Credit Risk

The University is subject to credit risk through receivables. Receivables are with numerous organizations and individuals which reduces the concentration of credit risk. Reviews are made of the credit worthiness of accounts and reserves established as required.

c) Interest Rate and Foreign Exchange Risk

Interest rates, maturities and security affecting the interest rate risk of the University's financial assets and liabilities have been disclosed in Notes 3, 6, 10 and 11.

The University is subject to foreign exchange risk because a portion of its financial instruments are denominated in foreign currencies.

The financial risk is the risk to the University's earnings that arises from fluctuations in interest rates and foreign exchange rates and the degree of volatility of these rates. The University does not use derivative instruments to reduce its exposure to interest rate and foreign exchange risk.

J) Use of Estimates

In preparing the University's consolidated financial statements, management is required to make estimates and assumptions that reflect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

K) Principles of Consolidation

The consolidated financial statements of the University include the accounts of UWEHC, a wholly owned entity. UWEHC secures and provides affordable residential accommodation for the benefit of persons enrolled at The University of Winnipeg.

3. Cash and Short Term Investments

Cash and short term investments consist of current operating and trust funds:

	March 31, 2002			March 31, 2001
	Cash $000	Short Term Investments $000	Total $000	Total $000
Operating Funds	$915	$2,115	$3,030	$1,604
Sponsored Research & Designated Funds	2,065	0	2,065	2,356
	2,980	2,115	5,095	3,960
Trust Fund	586	1,696	2,282	3,899
	$3,566	$3,811	$7,377	$7,859

Cash and short term investments are comprised of:

Cash	$3,566	$0
Provincial Instruments	3,316	4,990
Bankers Acceptance	495	2,451
Government of Canada Treasury Bills	0	418
	$7,377	$7,859

4. Accounts Receivable

The major components of Accounts Receivable are:

	2002 $000	2001 $000
Province of Manitoba Grant - Collegiate	$301	$328
Research Receivable	285	286
Investment Income Receivable - Operating	59	144
Investment Income Receivable - Trust & Endowment	146	410
Student Fees	345	313
Menno Simons College	425	235
Current Portion of Long Term Receivable	150	275
Prairie Women's Health	0	170
Institute of Urban Studies	103	0
UWEHC Grant Receivable	0	251
Other Receivables	732	779
	$2,546	$3,191

5. Investment for Campus Development

The Investment for Campus Development consists of a contribution in March 2001 by the Provincial Government for planned future development. The funds are invested in short term Bankers Acceptances.

6. Long Term Investments

Long term investments are comprised of endowment funds:

	March 31, 2002		March 31, 2001	
	Fair Value $000	Cost $000	Fair Value $000	Cost $000
Mennonite Studies				
Bonds and Debentures				
Government of Canada	$633	$600	$659	$600
Pooled Funds				
Bonds and Debentures	6,140	6,164	5,632	5,607
Canadian Equities	5,205	6,301	3,604	3,989
U.S. & International Equities	6,860	6,782	6,893	7,607
Cash	193	193	0	0
Property & Investment Shares	50	50	425	337
	18,448	19,490	16,554	17,540
	$19,081	$20,090	$17,213	$18,140

Fair value, as represented above, was derived from the market value of investments. In 2002 and 2001, the fair value of long term investments is below cost. The University believes this to be a temporary decline.

The investment in property has been reclassified to capital assets at March 31, 2002.

7. Capital Assets

	Cost $000	2002 Accumulated Amortization $000	Net Book Value $000	2001 Net Book Value $000
Land	$1,756	$0	$1,756	$1,604
Buildings, Additions and Improvements	48,365	14,262	34,103	33,895
Library Acquisitions	10,671	8,945	1,726	1,744
Furnishings and Equipment	21,107	15,487	5,620	5,151
Collections	1,088	0	1,088	1,021
	$82,987	$38,694	$44,293	$43,415

Collections include Art Work & Rare Books recorded at fair value. The insured value of capital assets is $214.6 million.

8. Deferred Contributions

Deferred contributions represent contributions received for special purposes such as Sponsored Research & Designated Funds and Special Purpose Trust consisting of scholarships, library acquisitions and lecture funds.

	2002 $000	2001 $000
Balance, Beginning of Year	$3,981	$5,053
Contributions Received	4,260	3,622
Contributions Expended	(3,584)	(3,646)
Transferred to Endowment	(120)	(914)
Transferred to Accounts Payable	0	(134)
Balance, End of Year	$4,537	$3,981
Balance Consists of:		
Sponsored Research & Designated Funds	$2,366	$2,350
Special Purpose Trust	2,171	1,631
	$4,537	$3,981

9. Unfunded Staff Benefits

The balance of unfunded staff benefits includes:

	2002 $000	2001 $000
Accrued Vacation Pay	$970	$870
Early Retirement Payable - Current Portion	13	19
Supplementary Pension Payable - Current Portion	50	49
	$1,033	$938

10. Bank Indebtedness

The University has an operating line of credit with a bank in the amount of $750,000 that is unsecured and bears interest at prime. At March 31, 2002, the balance on the line of credit was nil (2001 - $186,000).

UWEHC, a wholly owned entity, has a line of credit of $130,000 at March 31, 2002 (2001 - $700,000) that is guaranteed by the University and bears interest at prime plus 1%. At March 31, 2002, the balance was nil (2001 - $605,985).

11. Long Term Liabilities

	2002 $000	2001 $000
Early Retirement Payable	$9	$21
Mortgage Payable	329	351
UWEHC Mortgages Payable	706	0
Supplementary Pensions Payable	275	315
	$1,319	$687

The mortgage payable is for Graham Hall and is payable to Canada Mortgage and Housing at 5 3/8% due April 2, 2012. The Council on Post-Secondary Education annual operating grant provides for the $40,054 annual mortgage payment.

UWEHC mortgages payable are for Balmoral Street, Young Street and Spence Street properties and are payable to the Assiniboine Credit Union. The mortgage payable on the Balmoral Street properties is due August 30, 2006 and has an interest rate of 6.70%. It is repayable at $2,715 per month including principal and interest. The five individual mortgages payable on the one Young Street and four Spence Street properties are due April 1, 2007 and have an interest rate of 6.85%. They are repayable at $2,664 per month including principal and interest.

12. Deferred Capital Contributions

Deferred capital contributions represent the unexpended and unamortized contributions for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations.

	2002 $000	2001 $000
Balance, Beginning of Year	$45,273	$28,581
Contributions Received	1,682	17,750
Adjustment to Contributions Receivable	0	(63)
Mortgage Principal Contributions	22	20
Transfer to Revenue - Amortization	(1,108)	(1,015)
Balance, End of Year	$45,869	$45,273

13. Internally Restricted Net Assets

Internally restricted net assets balance at March 31, 2002 is $9,045,000 (2001 - $11,466,000).

The significant changes consist of:

a) The transfer of internally restricted net assets of $1,484,860 to unrestricted net assets which was approved by the Board of Regents.

b) The transfer of an investment property from internally restricted net assets to investment in capital assets in the amount of $287,409.

14. Supplemental Cash Flow Information

	2002 $000	2001 $000
Change in non-cash operating working capital:		
Accounts Receivable	$645	($376)
Prepaid Expense	(92)	(140)
Inventory	(150)	(127)
Accounts Payable and Accrued Liabilities	(476)	49
Deferred Revenue	275	24
Deferred Contributions	556	(1,072)
Unfunded Staff Benefits	95	(651)
	$853	($2,293)

15. University of Winnipeg Pension Plan

The University of Winnipeg Pension Plan was established as a contributory defined benefit pension plan at September 1, 1972. The plan is registered under the Income Tax Act and the Manitoba Pension Benefits Act (Registration #309914). A Pension Committee oversees the administration of the plan, monitors investments and makes policy recommendations to the Board of Regents of the University. A trust company holds the assets under a trust agreement and provides daily administration of the Pension Plan. Professional investment managers administer the portfolio.

The Plan covers all eligible employees of the University of Winnipeg, except those who are members of the United Church of Canada Pension Plan. Permanent academic employees join the Plan on their date of employment. Permanent non-academic employees may elect to join on their date of employment but must join on their first anniversary date of employment.

At December 31, 2001 the fair value of the Plan's net assets was $107,312,853 (2000 - $116,498,672). Under the Plan, contributions are made by Plan members and matched by the University of Winnipeg. A member who receives benefits from the long term disability plan of the University is not required to contribute to the Plan. The annual pension payable to a member on retirement is based on the member's final average earnings and years of credited service.

At January 19, 2001, the pension plan was amended to allow for the following changes to the plan effective January 1, 2000:

a) An allocation of the pension fund surplus and investment reserve totalling approximately $11,269,500 to plan members;

b) The granting to the University of a pension contribution holiday, with a value of approximately $11,269,500, less a contribution reserve of $920,000, for a total of $10,349,500;

c) Provide for the surplus allocated to plan members to be used to make a lump sum payment and/or provide for improvements to pension benefits;

d) Establishment of a defined contribution pension arrangement and an option made available to eligible plan members to elect to convert their defined benefit pension to a defined contribution pension.

As a result of the above amendments, plan members at December 31, 2000, who were less than age 55 at December 31, 1999, could elect to either remain in the existing contributory defined benefit pension plan or alternatively, convert their accrued benefits at December 31, 1999 to a defined contribution equivalent. This would result in their future benefits being determined on a defined contribution basis. Approximately one-quarter of the eligible members converted to the defined contribution plan. Employees at December 31, 2000 who were not members of the plan at that date may elect to have their future benefits determined on a defined benefit or a defined contribution basis. Employees hired after December 31, 2000 will have their future benefits determined on a defined contribution basis.

During 2001, Clarica Life Insurance Company (Clarica) was appointed administrator and investment manager of the defined contribution part of the plan and a transfer was made to Clarica of $6,654,632 in November, 2001. This amount consisted of:

i) the opening balance for each member of the defined contribution part of the plan as at January 1, 2000 as shown in a report on the partial conversion of the plan from defined benefit to defined contribution, prepared by Eckler Partners Ltd. and filed with the Pension Commission of Manitoba in September, 2001;

ii) contributions made by the members since January 1, 2000 plus a matching amount of University contributions plus interest at the net rate earned by the fund during the period.

The University contributions were, from April 1, 2000, funded out of its share of the surplus. The only defined contribution assets not transferred to Clarica were in respect of those defined contribution plan members who had terminated employment prior to the transfer to Clarica. Their termination benefits will be paid out of the part of the fund held by Royal Trust.

In accordance with the Pension Plan, an actuarial valuation is required at least every 3 years. An actuarial valuation of the University of Winnipeg Pension Plan, as of December 31, 1999, was completed during 2000 by Eckler Partners Ltd. The results of this valuation were extrapolated to December 31, 2001 and indicated accrued pension benefits of $100,269,000 (2000 - $98,055,000), comprised of a defined benefit amount of $93,192,000 and defined contribution amount of $7,077,000.

Defined Benefit Obligation

	2001 **$000**	**2000** **$000**
Actuarial Present Value of Accrued Pension Benefits at the Beginning of the Year	$90,896	$85,824
Interest Accrued on Benefits	5,780	5,780
Benefit Improvements	997	3,597
Benefits Accrued	2,191	2,269
Benefits Paid	(6,672)	(7,024)
Actuarial Loss	0	450
Actuarial Present Value of Accrued Pension Benefits at the End of the Year	$93,192	$90,896

Defined Contribution Obligation

	2001 $000	2000 $000
Balance, Beginning of Year	$7,139	$5,984
Contributions	923	723
Benefit Payments	(620)	0
Net Investment Return	(365)	432
Balance, End of Year	$7,077	$7,139

Significant actuarial assumptions used in the valuation were:

Rate of return on investments	- pre-retirement	7%
	- post-retirement	6%
Rate of salary increase	- first 3 years	2%
	- thereafter	5%

In view of the poor investment performance in 2001, the University retained Eckler Partners Ltd. to provide an estimate of the financial position of the plan at December 31, 2001. The results of the review indicated that, if the members' share of the undistributed surplus was included in the liabilities, there was a surplus at December 31, 2001 of $622,000.

Based on the results of that review and the recommendations of the Plan's Actuary, the University has suspended its contribution holiday commencing April 1, 2002.

In the event that the actuarial valuation of the Plan determines that the Plan is not fully funded, the University is responsible for providing adequate funding levels in accordance with the Pension Benefits Act of Manitoba.

16. Pension Contribution Credit

The balance of the University's contribution credit is calculated as follows:

	2001 $000	2000 $000
Balance, Beginning of Year	$9,778	$10,526
Interest Earned at 7%	633	688
Contribution Credit Utilized	(1,513)	(1,436)
Balance, End of Year	$8,898	$9,778

The University's ability to utilize the benefit of the Pension Contribution Credit is dependent on a surplus in the Pension Plan. As disclosed in Note 15, the plan surplus has decreased significantly during the year and the University, on the recommendation of the Plan's Actuary, has suspended its contribution holiday effective April 1, 2002.

The significant decrease in the Plan surplus, caused largely by the recent market downturn, has created uncertainty of the University's ability to realize the benefit of the remaining Pension Contribution Credit.

The University believes that it is possible that, if the market decline proves to be other than a temporary decline, a material change in the recognized amount of the Pension Contribution Credit could be required in future periods.

Contributions made by the University in a year which exceed the employee matching contributions required in that year, other than contributions required as a result of an early retirement program, are credited to the Contribution Credit Balance.

17. Segmented Operations

Included in the excess of income over expenses in the Statement of Operations is:

	2002			2001		
	Revenue $000	**Expense $000**	**Surplus (Deficit) $000**	**Revenue $000**	**Expense $000**	**Surplus (Deficit) $000**
Collegiate	$2,422	$3,007	($585)	$2,565	$2,875	($310)
Continuing Education	3,718	3,692	26	3,258	3,486	(228)
Campus Operations	4,129	3,949	180	3,664	3,708	(44)
	$10,269	$10,648	($379)	$9,487	$10,069	($582)

18. Commitments and Contingencies

Loan Guarantees

The University of Winnipeg has guaranteed a loan made by the Toronto Dominion Bank to the University of Winnipeg Students' Association (UWSA). The outstanding balance of the loan as at March 31, 2002 is $161,154 (2001 - $207,218). The loan was advanced to meet the UWSA's commitment in respect to the financing of the Bulman Student Centre.

Commitments

The University has lease obligations that cover equipment and building space integral to the University's operations. The lease obligations expire at various dates up to and including March 31, 2007. These lease contracts require annual payments over the next 5 years as follows:

2002/03	$1,343,942
2003/04	$1,113,909
2004/05	$882,511
2005/06	$364,587
2006/07	$13,078

19. Restatement of Prior Year

The University had the option under Generally Accepted Accounting Principles to report the Pension Contribution Credit value at either December 31, 2000 or March 31, 2001. In the prior year it chose to report the asset value at December 31, 2000. In 2002, the Pension Contribution Credit has been restated to reflect the asset value at March 31, 2002 and the prior year value has been restated accordingly.

20. Reclassification of Comparative Figures

Certain 2001 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2002.